



Health Care Timeline

*Preliminary Review of Enacted Law as Modified by
Reconciliation*





- Major Tax Changes
- Major Changes Impacting Seniors
- Major Insurance Changes
- Major Changes for Health Care Providers



Major Tax Changes

TAX CHANGES	
2010	<ul style="list-style-type: none">• New Tax Credit for Limited Number of Small Businesses: Maximum credit of 35% of employers insurance premiums is only available to those with fewer than 10 employees with wages of under \$25 k per employee. Credit completely phased-out for firms with more than 25 employees and wages above \$50 k.• Tanning Tax: 10% tax on indoor UV tanning
2011	<ul style="list-style-type: none">• HSA/FSA: Prevent HSA and FSA Owners from Using Funds for Over-the-Counter Medicine (Raises \$5 B)• New Drug Tax: New Tax on Brand-name Drugs (Raises \$27 B)• W-2 Forms: Requires employers to disclose the value of the benefit provided by the employer for each employee's health insurance coverage on the employee's annual W-2 Form.
2013	<ul style="list-style-type: none">• Medicare Payroll Tax: Increases the Medicare Payroll Tax by 0.9% to 3.8% for those with earned income above \$200 k / \$250 k joint (Raises \$86.8 B)• New Investment Tax: Impose New Tax on Investment Income of 3.8% for with income above \$200 k / \$250 k joint (Raises \$123.4 B)• New Medical Device Tax: New 2.3% Tax on Non-Retail Medical Devices (Raises \$20 B)• FSA Limits: Limit Contributions to Flexible Spending Accounts (FSAs) to \$2,500 (Raises \$13 B)• Eliminate Deduction for Employer Expenses for Medicare Drug Subsidies (Raises \$4.5 B)• Medical Expense Deduction: Raise the Threshold for Deducting Medical Expenses From 7.5% to 10% (Raises \$15.2 B)
2014	<ul style="list-style-type: none">• New Individual Mandate Begins: Individual must purchase insurance or face tax penalties, once fully-phased-in, of up to \$695 or 2.5% of income (whichever is greater).• New Employer Mandate Begins: Employers with more than 50 employees who do not offer insurance or who offer coverage but their employees receive a federal insurance subsidy to pay a penalty of up to \$2,000 per employee for each employee over 30 employees.• New Insurance Subsidies Available: For individual or families above the Medicaid eligibility cutoff, but below 400% of poverty (currently \$88,200 for a family of four) who are not offered or eligible for other insurance coverage, a tax credit is available to purchase insurance through the new government exchanges.• New Annual Tax on Health Insurance Providers (Raises \$60 B)
2018	<ul style="list-style-type: none">• New "Cadillac" Tax: 40% Excise tax on High-Cost ("Cadillac") Insurance Plans (Raises \$32 B)



Major Changes Impacting Seniors

SENIORS	
2010	<ul style="list-style-type: none">• Medicare Cuts to Hospitals: begin for long-term care and inpatient and rehabilitation facilities
2011	<ul style="list-style-type: none">• Medicare Advantage Cuts Begin• Seniors Rebate: \$250 check for senior who enter the prescription drug "donut hole."• "Doughnut Hole": Drug discounts for those in the Part D "donut hole" begin.• Wealthier seniors (\$85k/\$170k): begin paying higher Medicare Part D premiums (not indexed for inflation in Parts B/D)• Medicare Imaging Cuts: Medicare reimbursement cuts when seniors use diagnostic imaging like MRIs, CT scans, etc.• Medicare cuts to ASCs/DME: Medicare cuts begin to ambulance services, ASCs, diagnostic labs, and durable medical equipment• Wheelchairs: Seniors prohibited from purchasing power wheelchairs unless they first rent for 13 months
2012	<ul style="list-style-type: none">• Eliminate Deduction for Employer Expenses for Medicare Drug Subsidies (Raises \$4.5 B)• Medical Expense Deduction: Raise the Threshold for Deducting Medical Expenses From 7.5% to 10% (Raises \$15.2 B)• Hospice: Medicare cuts to hospice begin.• Dialysis: Medicare cuts to dialysis treatment begins
2014	<ul style="list-style-type: none">• Medicare Board: Independent Payment Advisory Board begins submitting proposals to cut Medicare, will cut Medicare by \$15.5 Billion from 2015-2019, and by hundreds of billions in future years
2015	<ul style="list-style-type: none">• Home Health: permanent productivity cut to payment rate of home health agencies



Major Changes Insurance Changes

INSURANCE CHANGES	
2010	<ul style="list-style-type: none">• High-Risk Pool for Pre-existing Conditions: Funding is limited and individuals may be placed on waiting lists• Pre-existing Conditions for Children: Limited protections to preclude insurance from excluding children with pre-existing conditions• Lifetime benefit limits and annual caps: Insurers prohibited from including lifetime benefit limits on policies and prohibits the use of restrictive annual limits.• Rescissions: Insurers prohibited from rescinding insurance policies.• Cost-sharing Prohibition: Cost-sharing for preventive services are prohibited.• Dependent Coverage: Insurers are required to offer dependent coverage up to age 26.• Medical Loss Ratios: Insurers must annually report on the share of premium dollars spent on medical care and provide consumer rebates for medical loss ratios determined to be "excessive."• Administrative/Appeals Process: ERISA covered plans must establish new appeals process
2011	<ul style="list-style-type: none">• CLASS ACT auto-enroll: Employer auto-enrollment for the CLASS Act.
2014	<ul style="list-style-type: none">• Exchanges: States have to establish Exchanges no later than this date for the sale of qualified health benefits plans to individuals and small employers.• Reinsurance and Risk Adjustment: States must first institute temporary reinsurance for individual and small group and then transition to risk adjustment.• Multi-State Plans: OPM must offer at least two multi-state plans in every state that meets the requirements of the exchange and have a separate risk pool from the FEHBP.• Federal Standards for Insurance: Insurance plans must include federally dictated essential benefits and coverage levels (Bronze, Silver, Gold, and Platinum).• Guaranteed Issue and Renewability: Insurers must offer coverage to anyone wanting a policy and every policy has to be renewed.• Pre-Existing Conditions: Insurers cannot impose any pre-existing condition exclusion.• Community Rating: Insurers in the individual or small group markets cannot vary premiums except: individual or family coverage; geography; 3 to 1 for age; 1.5 to 1 for smoking.• New Individual Mandate Begins: Individual must purchase insurance or face tax penalties, once fully-phased-in of up to \$696 or 2.5% of income (whichever is greater).• New Employer Mandate Begins: Employers with more than 50 employees who do not offer insurance or who offer coverage but their employees receive a federal insurance subsidy to pay a penalty of up to \$2,000 per employee for each employee over 30 employees.• New Insurance Subsidies Available: For individual or families above the Medicaid eligibility cutoff, but below 400% of poverty (currently \$88,200 for a family of four) who are not offered or eligible for other insurance coverage, a tax credit is available to purchase insurance through the new government exchanges.
2016	<ul style="list-style-type: none">• State Compacts: States, with Secretary approval, may begin compacts if the coverage is at a minimum equal to the essential benefits package, there are limitations on cost-sharing, it covers the same number of people, and does not increase the federal deficit
2017	<ul style="list-style-type: none">• Large Group Market: States may allow large group insurers to sell in the exchange.• Waiver for State Innovation: States may apply to the Secretary for a limited waiver from certain federal requirements.
2018	<ul style="list-style-type: none">• New "Cadillac" Tax: 40% Excise tax on High-Cost ("Cadillac") Insurance Plans (Raises \$32 B)



Major Changes for Health Care Providers

HEALTH CARE PROVIDERS	
2010	<ul style="list-style-type: none">• Medicare Cuts to Hospitals: begin for long-term care and inpatient and rehabilitation facilities• Hospitals in "Frontier States": (ND, MT, WY, SD, UT) receive higher Medicare payments• Hospitals in low cost areas: will receive higher Medicare payments for 2 years (\$400m)
2011	<ul style="list-style-type: none">• Physician-Owned Hospitals: Prohibition on Medicare payments to new physician-owned hospitals• Nursing Home and Inpatient Rehab Facilities: Additional Medicare cuts to hospitals and new cuts to nursing homes and inpatient rehab facilities begin.• Medicare Imaging Cuts: Medicare reimbursement cuts when seniors use diagnostic imaging like MRIs, CT scans, etc.• Medicare cuts to ASCs/DME: Medicare cuts begin to ambulance services, ASCs, diagnostic labs, and durable medical equipment• Physicians in "Frontier States": (ND, MT, WY, SD, UT) receive higher Medicare payments
2012	<ul style="list-style-type: none">• Hospital Quality: hospital pay-for-quality program begins• Hospitals Readmission: Medicare cuts to hospitals with high readmission rates begin• Hospice: Medicare cuts to hospice begin• Dialysis: Medicare cuts to dialysis treatment begins
2014	<ul style="list-style-type: none">• Medicare Board: Independent Payment Advisory Board begins submitting proposals to cut Medicare, will cut Medicare by \$15.5 Billion from 2015-2019, and by hundreds of billions in future years
2015	<ul style="list-style-type: none">• Home Health: permanent productivity cut to payment rate of home health agencies



Questions

If you would like a copy of this presentation,
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